

EXHIBIT K

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Mr. George B. Trotta
Sr. Vice-President

As we discussed on Friday, I am setting forth some of the major pros and cons regarding a dividend reduction for 1990.

PROS

1. A dividend reduction in the area of \$50 million would still be relatively small given that total dividends are at \$1.1 billion, and we could generally assure that no individual policyholder would perceive an absolute reduction in their base plan dividend in 1990 as compared to 1989.
2. A dividend reduction would be an immediate means of relieving any actual or perceived pressure on the earnings.
3. More specifically, a dividend reduction can be structured specifically in a way that can be characterized as a reduction in the expense gap.
4. In general, I recommend adhering to our historical pattern of changing dividends every two years, in even calendar years. (In the odd years, we can focus on systems improvements). Thus, there will be some 1990 changes (only in the nature of "technical refinements"). From this perspective, we should not postpone a reduction if we reasonably feel it may be necessary in 1991.
5. Many of our competitors cut dividends in 1989.

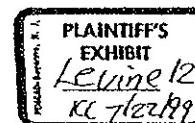
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1. This would be the first significant dividend reduction in many years and, as such, can be expected to be highly sensitive from a corporate perspective. No one wants to be the first CEO to cut dividends.
2. The marketing organization and the field force can also be expected to be uneasy at the prospect of a dividend reduction. They would like to portray the "portfolio interest" philosophy as sustaining dividends one more year.

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3. There could be equity questions if we were to reduce dividends without any changes to new pricing.
4. A dividend reduction can be construed as PI Management's "easy way out", especially if there are no other tangible actions.

Mike

Michael Levine
Actuary

May 30, 1989

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